

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Required Report - public distribution

**Date:** 4/9/2019

**GAIN Report Number:**

## **Tanzania - United Republic of**

### **Grain and Feed Annual**

#### **2019 Tanzania Corn, Wheat and Rice Report**

**Approved By:**

Shane Townsend

**Prepared By:**

Benjamin Mtaki

**Report Highlights:**

FAS/Dar es Salaam forecasts marketing year (MY) 2019/2020 corn production to increase by 1.8 percent from 2018/2019 due to a promising fertilizer delivery system. Post-harvest loss, ineffective extension services delivery systems, unreliable markets, pests and diseases such as Maize Lethal Necrosis (MLN) and Fall Army Worm (FAW) persist as challenges for corn production in Tanzania. Post forecasts wheat production and harvesting area to remain the same in MY 2019/2020 due to predicted below average long rains in the northern highlands wheat growing areas as reported by Tanzania Meteorological Agency (TMA). U.S. wheat remains unavailable in Tanzania's market due to high price despite increasing wheat consumption and imports from Canada and others. Tanzania expects a slight increase of rice imports in 2019/2020 due to increased population and human consumption.

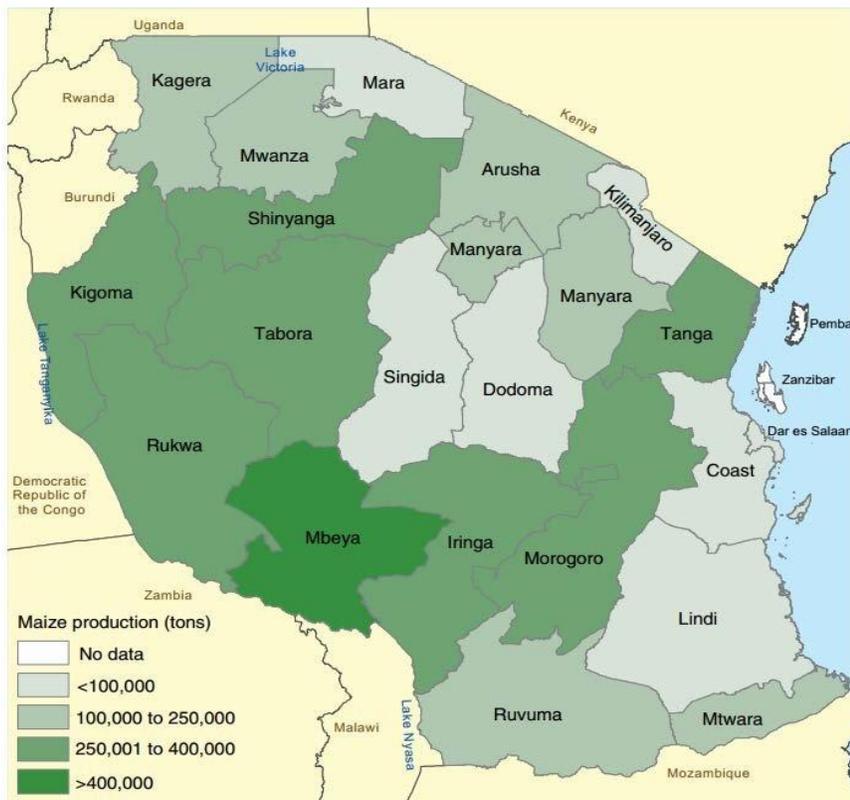
# Corn

## Production

Figure 1 displays Tanzania’s main corn growing areas. With about 4.5 million hectare, Tanzania has the largest planted area of corn in East Africa. Corn production has significantly increased over the past 10 years, largely through expansion of planted areas rather than increased yields. Genetic Engineered (GE) corn still in Confined Field Trials (CFT) managed by Tanzania Agricultural Research Institute (TARI). Over the past 50 years, corn production has kept pace with population increase.

Post forecasts marketing year (MY) 2019/2020 corn production to increase by 1.8 percent from the previous year 2018/2019. New farms and an efficient fertilizer delivery system led to an expansion of land under cultivation. Post-harvest loss, ineffective extension services delivery systems, unreliable markets, pests, and diseases such as Maize Lethal Necrosis (MLN) and Fall Army Worm (FAW) persist as challenges for corn production in Tanzania. Compared to previous year 2018/2019, total area used for corn harvesting is projected to increase by 1.2 percent (see Table 3: Production, Supply, and Distribution (PS&D)). Although growing conditions are often good for corn, the yields are low, averaging about 1.3 metric tons per hectare. Approximately half of all corn produced in Tanzania comes from the Southern Highlands. Small-scale farmers contribute over 80 percent of Tanzania’s total production.

Figure 1: Corn Growing Areas in Tanzania



## Consumption

Currently, about 4 million Tanzanian farmers produce over 4.5 million metric tons of corn; most is for home consumption rather than commercial use. Total corn consumption forecasted for MY 2019/2020 is 5.4 million metric tons, an increase of 2.4 percent from the previous year, as rapid population growth offsets declining per capita consumption. The current population in Tanzania is more than 54 million people. Post forecasts feed and residual to increase by 3.4 percent due to growth in the livestock sub-sector especially poultry, dairy, and animal feeds. White corn is the main staple grain consumed in Tanzania, providing 80 percent of dietary calories and more than 35 percent of utilizable protein to the population. The majority of smallholder farmers produces corn for family consumption and sells a portion to the market as a significant source of household income. Typically, about 40 percent of corn produced in Tanzania is sold in the market, mostly locally. Annual per capita consumption is 135 kilogram per person per year. Consumers prefer white flint corn; the amount of yellow corn grown in Tanzania is negligible.

## Trade

Although principally grown for home consumption, it is also a cash crop on which farm families depend on for income. Corn in Tanzania is a very political commodity and therefore trade measures are frequently put in place to ensure food security. In recent years, the GOT has embarked into different programs, which included: (1) Agriculture first “*Kilimo Kwanza*” (2) Agricultural Sector Development Program (ASDP1 & 2). The programs aimed to increase corn productivity through provision of subsidies on inputs such as fertilizer and pesticide to major corn growing areas (Ruvuma, Mbeya, Iringa, and Rukwa). To absorb the surplus, the GOT established the Strategic Grain Reserves (SGR) under National Food Reserve Agency (NFRA), which buys corn from farmers at a fixed floor price above the market price. These strategies aimed to ensure markets for farmers’ produce, especially in the surplus regions. The entity (SGR) has been frequently constrained by a shortage of funds to purchase all the maize brought by farmers at the center. This situation leaves farmers with their surplus unsold despite having already incurred all the necessary costs of transporting their produce to the buying centers. For example, SGR buying centers at Malangali and Itepula villages in Sumbawanga and Mbozi districts respectively failed to purchase all maize brought by farmers in 2017 and 2018. A total 447.5 metric tons crossed Tunduma One Stop Border Post (OSBP) to neighboring countries from July to December 2018 with zero exports in the first three months (July, August, and September). Due to untimely removal of the export ban, few farmers turned back to the field in 2019/2020 production year and large-scale farmers are struggling to pay salaries of their employees. All these activities amplify the level of transaction costs particularly the variable ones, which are primarily incurred by smallholder farmers when they decide to participate in the market. In such a situation where government agents fail to purchase the entire farmer’s produce at farm gate, a smallholder farmer must turn to markets to sell to another buyer. This is not easy for poor farmers who lack means of transportation.

## Prices

In August 2018, following protests from farmers over low domestic corn prices, the GOT relaxed the ban on corn exports to neighboring countries as a first step towards tapping foreign markets. Owing to adequate corn supply in the country, wholesale prices were lower in the quarter to December 2018 than in the corresponding quarter of 2017. Farmers through their AMCOS (Agricultural Marketing and Cooperative Society) struggled to secure buyers of their produce. Post-harvest management is still a significant obstacle to smallholder farmers. Due to high stocks and unreliable markets, most of farmers' produce tested positive for Aflatoxin further limiting their market potential. The late-2018 "short rain" season came late and rainfall was below average; however, prices are expected to remain relatively stable in the first quarter of 2019 due to high carry-over stock that will ease demand pressure in areas where low rainfall affected harvests.

Table 1: Quarterly Wholesale Prices of Corn

Quarter ending	Price in \$ per 100kg
December 2017	24.0
September 2018	17.4
December 2018	18.2

Source: Ministry of Industry, Trade and Investment; Post computations

Table 2: Monthly Wholesale Prices of Corn

Year 2017	Price in \$ per 100 Kg	Year 2018	Price in \$per 100Kg	Percentage difference
June	35.2	June	19.6	-79.4
July	29.2	July	17.7	-64.5
August	24.5	August	17.4	-40.9
September	24.0	September	17.1	-40.2
October	23.3	October	16.2	-44.1
November	23.0	November	18.2	-26.4
December	26.0	December	20.3	-28.4

Source: Ministry of Industry, Trade and Investment; Post computations

Table 3: Production, Supply and Distribution (PS&amp;D)

<b>Corn</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
	<b>Jul 2017</b>		<b>Jul 2018</b>		<b>Jul 2019</b>	
<b>Tanzania, United Republic of</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b>	4200	4200	4200	4200	0	4250
<b>Beginning Stocks</b>	953	953	938	938	0	888
<b>Production</b>	5350	5350	5400	5400	0	5500
<b>MY Imports</b>	5	5	20	20	0	20
<b>TY Imports</b>	5	5	20	20	0	20
<b>TY Imp. from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	6308	6308	6358	6358	0	6408
<b>MY Exports</b>	100	100	200	200	0	200
<b>TY Exports</b>	100	100	200	200	0	200
<b>Feed and Residual</b>	870	870	870	870	0	900
<b>FSI Consumption</b>	4400	4400	4400	4400	0	4500
<b>Total Consumption</b>	5270	5270	5270	5270	0	5400
<b>Ending Stocks</b>	938	938	888	888	0	808
<b>Total Distribution</b>	6308	6308	6358	6358	0	6408
<b>Yield</b>	1.2738	1.2738	1.2857	1.2857	0	1.2941

(1000 HA) ,(1000 MT) ,(MT/HA)

Sources: GOT, GTA, otherwise Post estimates

Table 4: Food Stocks Held by National Food Reserve Agency up to December 2018.

<b>Tonnes</b>						
<b>Period</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
January	72,170	235,309	459,561	125,668	86,835	91,947
February	60,739	228,014	454,592	88,414	86,444	91,313
March	46,153	214,157	452,054	68,727	86,443	83,650
April	36,982	195,246	433,547	64,825	86,278	73,468
May	26,802	195,956	406,846	63,341	74,826	68,893
June	27,494	189,494	353,702	61,838	70,393	63,844
July	71,141	182,200	282,401	49,632	68,697	62,288
August	175,609	196,854	268,515	59,832	78,434	62,317
September	224,295	299,624	265,046	86,545	85,403	78,224
October	235,817	426,999	253,655	90,905	89,248	87,435
November	234,145	460,295	238,134	90,900	93,353	92,402
December	232,963	466,583	180,746	90,800	92,074	95,534

Source: Bank of Tanzania (BOT), National Food Reserve Agency (NFRA)

## **Wheat**

### **Production**

Wheat is Tanzania's fourth most consumed crop after corn, cassava, and rice. More than 90 percent of wheat produced in Tanzania comes from either large-scale commercial farms in the northern highlands (Arusha, Kilimanjaro, and Manyara regions) or small and medium-sized family farms in the southern highlands (Iringa, Mbeya and Rukwa regions). Due to unfavorable weather conditions reported by TMA in the northern highland wheat growing areas, post forecasts no change in the production of wheat in MY 2019/2020.

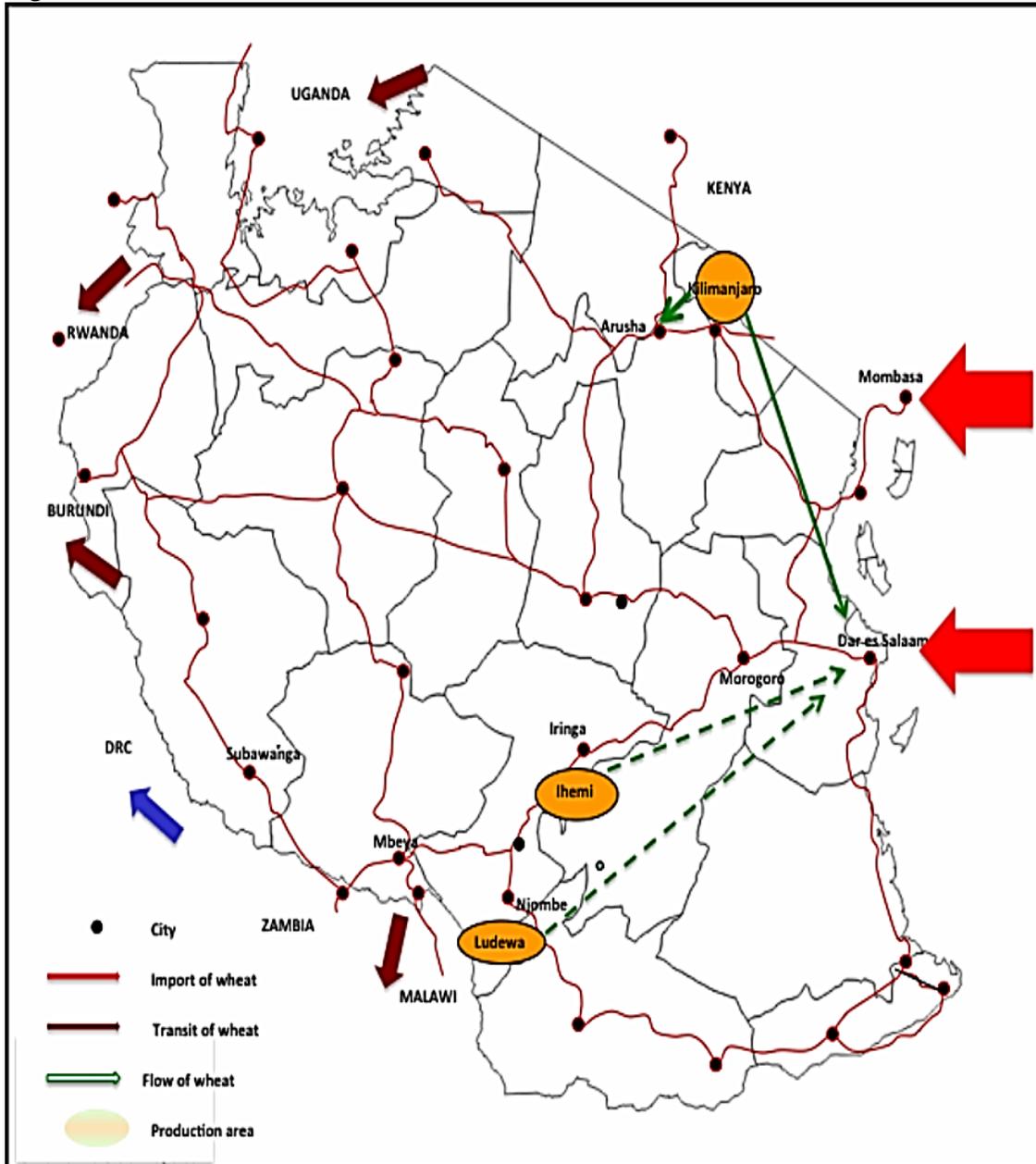
### **Consumption**

Wheat consumption is higher in urban areas where population growth rates are above 5 percent as compared to fewer than 2 percent in rural areas. Domestic consumption is estimated to be more than one million metric tons per year, requiring Tanzania to import about 90 percent of its wheat. Wheat milling industries, dominated by companies based in Dar es Salaam, supply wheat products to consumers in all regions of Tanzania. Post forecast an increase of 2.1 percent of total wheat consumption in MY 2019/2020 due to population growth and urbanization.

### **Trade:**

Tanzania commercially imports wheat from Russia, Australia, Canada, Germany, and Brazil. Wheat imports from the United States are primarily for food aid programs. There was no monetized wheat from the United States in MY 2018/2019. Post forecasts a 25 percent increase in exports due to cross border trade, enhanced by high demand for wheat flour in neighboring countries, in MY 2019/2020. More than 1172 metric tons of wheat flour was exported through Tunduma OSBP from July to December 2018.

Figure 2: Wheat trade flows in Tanzania



Source: Southern Agricultural Growth Corridor of Tanzania

Table 5: Wheat: Production, Supply and Distribution (PS&D) Table

<b>Wheat</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>Jul 2017</b>		<b>Jul 2018</b>		<b>Jul 2019</b>	
<b>Tanzania, United Republic of</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b>	100	100	100	100	0	100
<b>Beginning Stocks</b>	73	73	105	105	0	110
<b>Production</b>	100	100	100	100	0	100
<b>MY Imports</b>	1108	1108	1100	1100	0	1105
<b>TY Imports</b>	1108	1108	1100	1100	0	1105
<b>TY Imp. from U.S.</b>	3	3	0	0	0	0
<b>Total Supply</b>	1281	1281	1305	1305	0	1315
<b>MY Exports</b>	26	26	20	20	0	25
<b>TY Exports</b>	26	26	20	20	0	25
<b>Feed and Residual</b>	0	0	0	0	0	0
<b>FSI Consumption</b>	1150	1150	1175	1175	0	1200
<b>Total Consumption</b>	1150	1150	1175	1175	0	1200
<b>Ending Stocks</b>	105	105	110	110	0	90
<b>Total Distribution</b>	1281	1281	1305	1305	0	1315
<b>Yield</b>	1	1	1	1	0	1

(1000 HA) ,(1000 MT) ,(MT/HA)

Source: GOT, GTA, otherwise Post estimates

## Rice

### Production

According to the Ministry of Agriculture, rice is the second most produced cereal crop in Tanzania, with over 1.68 million growers, 1.59 million of them being on the Mainland Tanzania and 79,736 in Zanzibar. Tabora has the largest planted area in mainland Tanzania, with paddy grown on 248,703 hectares followed by Morogoro with 221,864 hectares. Shinyanga and Arusha follow. Pemba South leads in Zanzibar with 8,196 hectares planted with paddy followed by Pemba North with 5,983 hectares and Urban West with 971 hectares. Post forecasts a slight increase in area harvested in MY 2019/2020 due to GOT initiatives and supports to rice subsector. Post forecasts rice production to increase by 0.2 percent in MY 2019/2020 from the previous year due to favorable weather conditions and an increase in area harvested.

### Trade

#### Imports

Tanzania imports of rice are forecasted to increase slightly in MY 2019/2020 due to increases in human consumption. Tanzania primarily imports long-grain milled rice from Pakistan, though it also imports smaller quantities from Thailand and India (see Table 6 below). Imports in recent years have exceeded \$75 million USD. As an EAC member country, Tanzania applies a common external tariff of 75 percent ad valorem or \$345 USD per metric ton, whichever is higher, for imports from non-EAC countries. Rice imports from the United States are primarily for food aid programs.

Table 6: Major Rice Exporters to Tanzania

Reporting Country	2016 Quantity (Tonnes)	2017 Quantity (Tonnes)	2018 Quantity (Tonnes)
Pakistan	173	180	180
Thailand	23	51	30
United States	0	0	16
India	8	9	9
Others	0	0	1
Total	204	240	236

Source: Global Trade Atlas, Post estimates

#### Exports

In September 2018, the Government of Kenya banned importation of rice from Tanzania due to low standards and packaging. The absence of punitive tariffs by other East Africa Community countries due to reduction in mixing of locally produced Tanzanian rice with imports from Asia to circumvent the East Africa Community Common External Tariff while re-exporting the Asian rice was a factor.

In addition, attractive prices in some markets in Kenya, Uganda and Rwanda where the Tanzanian rice is preferred because of its aroma and high water absorption that makes it swell, also led to the rise in volume traded informally. The Tanzanian government expects to increase its rice exports to the Eastern Africa region by more than one-third in MY 2019/2020. Trade supplies are expected to rise because of the July to August harvest and high carry-over stocks, which are expected to lower prices.

## Consumption

Milled rice production and consumption are expected to increase in MY 2019/2020, due to population growth. Rice is a staple food consumed in both urban and rural areas. The urban area of greater Dar es Salaam is the principal end market and accounts for about 60 percent of national consumption. Mbeya and Morogoro regions are the main supply sources. Dar es Salaam is the highest urban population and the largest total population in the country followed by Mwanza. Total consumption and residual is expected to increase by 1.5 percent in MY 2019/2020.

## Prices:

Table 7: National Average Wholesale Price Rice in Tanzania

Year 2017	Price in \$ per 100 Kg	Year 2018	Price in \$per 100Kg	Percentage difference
January	70.00	January	83.00	15.66
February	75.10	February	80.00	6.13
March	74.00	March	80.00	7.50
April	76.11	April	84.00	9.39
May	76.00	May	73.30	-3.68
June	74.00	June	69.00	-7.25
July	73.04	July	65.50	-11.5
August	73.00	August	63.00	-15.9
September	77.00	September	63.00	-22.2
October	80.10	October	65.20	-22.9
November	79.20	November	66.00	-20.0
December	82.10	December	66.50	-23.5

Source: Ministry of Industry, Trade and Investment; Post computations

Table 8: Rice: Production, Supply and Distribution (PS&amp;D) Table

Rice, Milled Market Begin Year Tanzania, United Republic of	2017/2018		2018/2019		2019/2020	
	May 2017		May 2018		May 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1200	1200	1200	1200	0	1205
Beginning Stocks	0	0	0	0	0	0
Milled Production	2046	2046	2046	2046	0	2050
Rough Production	3100	3100	3100	3100	0	3106
Milling Rate (.9999)	6600	6600	6600	6600	0	6600
MY Imports	260	260	230	230	0	250
TY Imports	260	260	230	230	0	250
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2306	2306	2276	2276	0	2300
MY Exports	40	40	50	50	0	40
TY Exports	40	40	50	50	0	40
Consumption and Residual	2266	2266	2226	2226	0	2260
Ending Stocks	0	0	0	0	0	0
Total Distribution	2306	2306	2276	2276	0	2300
Yield (Rough)	2.5833	2.5833	2.5833	2.5833	0	2.5776

(1000 HA) ,(1000 MT) ,(MT/HA)

Source: GOT, Global Trade Atlas (GTA), otherwise Post estimates